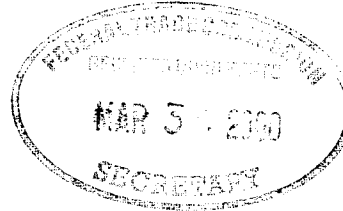


# THE BON•TON

472093-171

Robert E. Stern  
Vice President and Secretary  
Real Estate and Corporate Counsel

March 23, 2000



Secretary  
Federal Trade Commission  
Room H-159  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Proposed Privacy Regulations

Dear Sir or Madam:

This letter is submitted in response to the request for comment from the Federal Trade Commission on their proposed privacy regulations implementing Title V of the Gramm-Leach-Bliley Act ("GLB Act"). We will refer to the proposed privacy regulations collectively as the "Proposed Rule".

The Bon-Ton Department Stores, Inc. ("The Bon-Ton") is a regional department store retailer with annual volume of approximately \$700 million in 1999. Accordingly, The Bon-Ton is one of the smaller department store retailers.

In this letter, The Bon-Ton will limit its comments to the issues raised by the Proposed Rule which will have the greatest adverse impact on The Bon-Ton. We think it important you hear the view of smaller companies which will be effected by the GLB Act and the rules promulgated thereunder.

## Timing of Effective Date

The final Rule should provide that compliance is voluntary until 12 months after the effective date (i.e., until November 13, 2001). This is absolutely critical with respect to existing customers, as the Proposed Rule now provides that privacy notices must be given to customers within 30 days of the effective date of the Proposed Rule. This would require a very expensive, massive mailing to all existing customers during one of the busiest times for mail during the year – the holiday season. This short 30 day period would also create great pressure to find third-party servicing organizations to print and distribute these notices timely. A voluntary 12-month compliance period would permit financial institutions the flexibility to spread the giving of notices over a reasonable time frame. It would also reduce the pressure on the U.S. Postal Service during the 2000 holiday season and prevent customers from being inundated, during a single 30 day period, with privacy notices from the various financial institutions of which they are customers.

Nonpublic Personal Information

The Proposed Rule offers alternative definitions of "personally identifiable financial information", specifically, Alternative A which provides that the information is "publicly available information" only if actually obtained from a public source, and Alternative B which provides that the information is "publicly available information" if it could be obtained from a public source. As the intent of the GLB Act is to protect non-public personal information rather than publicly available information, we do not understand why there is an effort to convert plainly available public information into "nonpublic personal information" because of the way such data was secured. Why should the data gathering method change the basic character of the data gathered? Accordingly, we favor Alternative B.

Content of Privacy Notices

The detail required in the privacy notices is too extensive; such notices would be difficult to produce and extremely costly to maintain, and would not convey to the intended target the information sought to be conveyed – a lengthy privacy statement most likely will go unread by the intended consumer or customer. The excessive detail required would mandate a revised privacy notice distribution be made each time there is a change by the financial institution in any one of the required disclosures. This distribution is extremely costly to the financial institution, with no real benefit to the customer. To illustrate, we estimate the cost of mailing privacy notices to all customers at \$400,000-\$500,000. In 1999, The Bon-Ton's income was \$9.7 million. This mailing cost would be 4%-5% of our net income, a not insubstantial amount.

Further, we believe the strictures placed upon use of electronic transmission of the privacy notice too limiting. There is no requirement that a customer must "agree" to the use of the mail for delivery of the notice, and we don't believe the use of electronic transmission of the privacy notice should be so limited. So long as a clear and conspicuous notice is provided, the financial institution has complied with the requirements of the GLB Act.

We appreciate the opportunity to afford you our views on the Proposed Rule.

Sincerely yours,

  
Robert E. Stern

RES:css

c     Heywood Wilansky  
       Michael L. Gleim  
       James H. Baireuther  
       H. Stephen Evans  
       John J. Gleason